

Profitable Menu: Criteria to Build It — Traditional Method vs *Masterrestaurant* Method



By **Diego F. Parra** · Updated 2026-09-15 · Menu & Menu Engineering

QUICK VERDICT

A profitable menu is not built by lowering food cost: it is built by ranking dishes on contribution margin in dollars, weighted by sales mix. The traditional method sets a percentage target —28%, 30%, 32% as the ceiling— and punishes any dish that exceeds it, even when that dish delivers USD 14 of contribution per unit and sells forty times a day. The Masterrestaurant method reverses the sequence: measure contribution in dollars first, weight it by real sales mix, review the percentage second, and touch price last. That difference is not philosophical, it is cash. With beef at record highs —USD 5.98 per pound in May 2025, according to the U.S. Bureau of Labor Statistics via CBS News— and full service menu inflation peaking at 9.0% year over year in 2022 (National Restaurant Association / BLS), a menu governed by percentages cuts exactly the dishes that hold up break-even. The operating verdict: keep per-dish food cost at 32% as a **MAXIMUM**, never as a target, and decide the menu with the dollar column instead of the percentage one.

A 180-seat dining room bills the same on a Tuesday with twenty dishes as it does with forty; what changes is the margin arriving per occupied seat, and that is precisely where most menus lose money quietly. A dish at 26% food cost selling eight times a day contributes less cash than one at 35% selling fifty, yet the first survives every menu review while the second is the first anyone proposes cutting because it looks expensive to produce.

This paper treats the problem as what it is: a capital allocation decision on an asset that turns over two or three times a year. Every menu line occupies physical space, inventory, mise en place hours, kitchen capacity and guest attention. Misallocating that space carries a measurable opportunity cost, and with 41% of full service operators now selling more off-premises than in 2019 (National Restaurant Association, Off-Premises Report 2024), the menu is no longer a single channel: it is at least two, with different cost structures.

We work with explicit annual revenue bands, because criteria differ between an operator under USD 500 thousand and a group above 10 million. A celebrity or media-chef restaurant above 5 million carries image royalties and capacity peaks that distort portion costing; a large-format themed venue in the same range drags set design and show staff into OpEx. The framework holds in all five cases, but the lever changes.

Nothing here depends on private data. Every figure cited comes from public sector sources —National Restaurant Association, U.S. Bureau of Labor Statistics, Technomic, Datassential, Plant Based Foods Association— and what Masterrestaurant contributes is the reading: how those indicators combine to decide which dish enters, which one raises price and which one leaves without damaging average check.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	TRADITIONAL METHOD (FOOD COST PERCENTAGE)	MASTERRESTAURANT METHOD (CONTRIBUTION WEIGHTED BY MIX)
Variable governing the decision	✗ Per-dish food cost %, fixed 28-30% target, 32% ceiling	✓ Contribution margin in USD per dish × units sold; 32% stays a limit, not a goal
Menu review frequency	✗ Once or twice a year, almost always driven by season change	✓ Weekly sales mix; monthly standard recipe recosting; menu redesign every 4 months
Theoretical vs actual cost handling	✗ Never calculated; monthly inventory absorbs the gap without breaking it down	✓ Food cost variance = (Actual Cost – Theoretical Cost) / Sales; alarm threshold at 2.0 points
Criterion for removing a dish	✗ Food cost above 32% or isolated low turnover	✓ Total contribution below 1.5% of menu contribution for 8 consecutive weeks

	TRADITIONAL METHOD (FOOD COST PERCENTAGE)	MASTERRESTAURANT METHOD (CONTRIBUTION WEIGHTED BY MIX)
Response to 12% input inflation	✗ Linear 8-10% price increase across the whole menu	✓ Re-engineering of 4-6 anchor dishes, documented gram weight change and selective 3-5% increase on inelastic items
Role of printed menu vs QR menu	✗ Migrate to QR to save printing; the printed menu is dropped or reduced to one copy	✓ BOTH, with separate roles: print governs service pacing and suggestive selling; QR covers delivery, allergens and price changes
Measured impact on prime cost	✗ Prime cost drifts with the market, without active control	✓ Target prime cost 58-62% of sales, reviewed monthly against budget

Chapter 1 — Why is food cost percentage the worst criterion for ordering a menu?

Because a percentage never reaches the bank account: what reaches it is each dish's contribution in dollars multiplied by how many times it leaves the kitchen.

Take a beef plate at 36% ingredient cost priced at USD 32: it leaves USD 20.48 per unit, and with consumer beef prices at USD 5.98 per pound in May 2025, an all-time high according to the U.S. Bureau of Labor Statistics via CBS News, that percentage will keep climbing without the contribution collapsing. Next to it, a pasta at 24% priced at USD 18 leaves USD 13.68. The percentage ranking puts pasta on top; the dollar ranking puts beef. And when you sort thirty dishes from a full-service menu by both lists, they overlap very little: the number-one dish by contribution usually sits in the bottom half of the percentage ranking, precisely because its main ingredient is expensive.

Chapter 2 — Sales mix is the variable almost nobody weights

Contribution per unit without sales mix is incomplete data, and working with it has ruined more menus than any costing error. A dish leaving USD 20 that sells eight times a day brings USD 160 daily; one leaving USD 11 that sells fifty times brings USD 550. The gap is USD 390 a day, roughly USD 142,000 a year in a venue open 365 days, and yet the first survives every menu review while the second is the one somebody proposes cutting «because it's expensive to produce». Pull the mix from the last ninety days of POS data, not the last month: ninety days absorb holidays, weather and campaigns. Multiply contribution by units sold, add the column, and you'll find that between 20% and 30% of the lines usually explain more than half of the menu's total contribution. Costing a single dish for two channels means accepting a loss that never shows up in the per-plate P&L.

Chapter 3 — Two channels, two costings: the dining room menu is not the delivery menu

Per the National Restaurant Association's Off-Premises Report 2024, 41% of full-service operators now sell more off-premises than in 2019, and in limited service the figure rises to 58%. The dish that goes out the door carries packaging, a bag, a seal, a long minute of assembly and a platform commission that eats between 15 and 30 points of the price. If your dining room contribution margin was 64%, delivery can drop it to 40% or less without you changing a single recipe. The practical call: decide which lines travel well and which don't, raise the external channel price wherever the platform allows it, and pull from the digital menu every dish whose off-

premises contribution falls below your minimum per unit. Criteria differ across revenue bands, and applying a large group's framework to a small venue sinks it. Below USD 500,000 a year the lever is line count: twenty-five dishes built on fifteen shared ingredients protect cash better than forty, because idle inventory is the enemy.

Chapter 4 — The menu changes with annual revenue band

Between 500,000 and 1 million you bring in daypart price engineering and alcohol yield, which per the National Restaurant Association accounts for roughly 21% of full-service sales. Above 1 million it pays to measure contribution per station minute, not just per plate. Above 5 million, costing gets distorted by image royalties and occupancy peaks. And above 10 million the menu becomes a centralized purchasing decision, where one point negotiated with a supplier is worth more than pulling three dishes. Above USD 5 million in annual revenue, a menu stops costing itself, because some costs never live inside the recipe. A media-chef restaurant carries image royalties, a press calendar and weekend occupancy peaks that double demand for two or three signature plates; if those plates are costed against the annual average, every peak service sells them below their real labor cost. The large-format themed venue drags set design, maintenance and show staff into OpEx, spending that never touches food cost but devours the break-even point.

Chapter 5 — High end: the celebrity restaurant and the large-format themed venue

The rule we apply at Masterrestaurant in that range: signature dishes get costed with peak-service labor, not the average, and desserts get treated as a profit center — 60% of U.S. operators say desserts drive profitability, according to Technomic's Dessert Consumer Trend Report. Raise price where demand is high and contribution is low; pull where demand is low and contribution is low too, and never touch the anchor dish that brings people in even if its percentage looks ugly. The market sets the ceiling on any adjustment: full-service menu price inflation hit 9.0% year over year in 2022 and has moderated since, per the National Restaurant Association with BLS data, so annual increases of 3% to 5% spread across twenty lines pass unnoticed while a 12% jump on the star dish does not. Pulling a line lowers the check only if that line was an upsell; if it was a main course, the guest migrates elsewhere and the check holds.

Chapter 6 — What to reprice and what to pull without touching average check

Before deleting anything, try cutting side portion weight by 8%, which guests rarely notice and which returns two to four points of contribution. A trend earns a menu slot only if its ingredient turns at least twice a week, and that test is what separates opportunity from waste. Sector data pushes in opposite directions: cold brew went from under 1% of U.S. menus in 2014 to 7.7% in 2024 per Datassential, 70% of operators reported stronger demand for global flavors in 2025 per Datassential, and 52% of consumers consider a limited-time offer important when choosing a restaurant per Technomic 2024. But plant-based items fell 1.9% year over year in 2024 per Technomic via CSP Daily News, and seafood lost menu penetration that same year per SeafoodSource. Before adding a trendy line, calculate how many weekly units you need to burn through the ingredient before it expires.

Chapter 7 — Trend ingredients don't get in on reputation: they get in on a rotation threshold

If the number doesn't work, run it as a limited promotion and not a fixed line. A menu costed in January and left untouched until December has been lying since March, and that lie gets expensive when ingredients move the way they have moved these past years. Beef reached USD 5.98 per pound in May 2025, an all-time high according to the U.S. Bureau of Labor Statistics via CBS News, while chicken captured 37% of U.S. QSR food spending, two points more than two years earlier, per Nation's Restaurant News 2024. With swings like that, a

dish born at 30% cost can be sitting at 41% without anyone noticing. Diego F. Parra insists on a cycle that works at any size: monthly recosting of the ten highest-volume lines, quarterly recosting for the rest, and a full menu review twice a year. Block the first Monday of every month for those ten lines and start this month.

Chapter 8 — Where the two methods separate in practice

The original difference is arithmetic. Food cost percentage is a ratio, and a ratio does not pay payroll; what pays payroll is the dollar contribution left after input cost. Rank thirty dishes by percentage and the same thirty by total contribution, and the two lists share little: in full service menus the top dish by contribution frequently sits in the bottom half of the percentage ranking, precisely because its main input is expensive. The second divergence is how each method treats time. Traditional costing freezes portion cost until the next menu printing, and in a year when consumer beef prices hit record highs (U.S. Bureau of Labor Statistics via CBS News, 2025), freezing the cost sheet means operating blind for six months. The Masterrestaurant framework recosts monthly against real invoices and treats the standard recipe as a living document. Third: the unit of analysis. The traditional approach looks at the isolated dish; we look at the menu as a portfolio with internal correlations.

Chapter 9 — Where the two methods separate in practice — in practice

If the anchor dish rises 12% and drags the perceived price level of an entire section, the net effect can be negative even while that individual dish gains margin. No traditional food cost sheet shows that correlation. Fourth: the channel. With 41% of full service operators selling more off-premises than in 2019 (National Restaurant Association, Off-Premises Report 2024), packaging, platform commission and transport shrinkage shift the same dish margin by 6 to 14 points. A menu that is profitable in the dining room can be loss-making in delivery, and the traditional method cannot see it because it carries a single cost per dish. Fifth: beverage. In full service, alcoholic beverages account for roughly 21% of total sales (National Restaurant Association), with average pour cost near 20% (BackBar). A menu analysis that excludes the bar leaves out a fifth of revenue and the highest margin band, which distorts any prime cost conclusion.

Chapter 10 — Where the two methods separate in practice — key points

Sixth, and this one generates the most argument: what to do with the signature dish that does not produce numbers. Traditional practice deletes it. We reclassify it as a marketing cost with an assigned budget and keep it while it sustains measurable traffic, because a dish that brings guests and loses two dollars per unit may be cheaper than the campaign needed to replace it.

POINT BY POINT

Criterion-by-criterion comparative analysis

DECISION VARIABLE

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

Food cost percentage as the single target

B · MASTERESTAURANT Contribution

margin in USD weighted by sales mix

Verdict: Masterrestaurant wins: the ratio informs, the dollars decide. 32% remains a ceiling, but menu ranking follows total contribution.

REACTION SPEED TO INPUT COSTS

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

Semiannual recosting tied to menu printing

B · MASTERESTAURANT Monthly

recosting of the twenty highest-turnover dishes against real invoices

Verdict: Masterrestaurant wins. With beef at record highs (BLS via CBS News, 2025), a six-month lag means operating on a fictional cost.

PRICING POLICY

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

Linear 8-10% increase across the menu

B · MASTERESTAURANT Re-engineering

first, then selective 3-5% increases on inelastic dishes

Verdict: Masterrestaurant wins on average check preservation; the traditional method captures margin faster, and that is its only advantage.

OFF-PREMISES CHANNEL HANDLING

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

One cost per dish for dining room and delivery alike

B · MASTERRESTAURANT Separate costing per channel, including packaging, commission and transport shrinkage

Verdict: Masterrestaurant wins. With 41% of full service operators selling more off-premises than in 2019 (NRA, 2024), a single cost hides losses.

COST DEVIATION CONTROL

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

Monthly inventory with no cause breakdown

B · MASTERRESTAURANT Food cost variance = $(\text{Actual} - \text{Theoretical}) / \text{Sales}$, alarm at 2.0 points

Verdict: Masterrestaurant wins: variance identifies whether the cause is portion, trim, purchasing or theft; inventory only says something went missing.

MENU CARRIER

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

Migration to QR to eliminate printing cost

B · MASTERRESTAURANT Printed menu for experience and suggestive selling, QR for delivery, allergens and prices

Verdict: Masterrestaurant wins outright: printing savings run in the hundreds per year and the average check lost runs in the thousands.

IMPLEMENTATION SIMPLICITY

A · TRADITIONAL METHOD (FOOD COST PERCENTAGE)

One spreadsheet and one percentage; anyone applies it in an afternoon

B · MASTERRESTAURANT Standard

recipes, POS export and monthly dashboard; 90 days for the full cycle

Verdict: The traditional method wins on entry cost. That deserves an honest statement: Masterrestaurant demands measurement discipline an operator without an inventory system will take longer to sustain.

SIDE-BY-SIDE COMPARISON

What the traditional method does PERCENTAGE FIRST

- ✗ Sets one food cost target for the entire menu without separating appetizers, mains, desserts and beverages, even though liquor pour cost runs near 15% and a full bar averages 20% (BackBar, industry guide).
- ✗ Costs the dish using last month's invoice prices and never revisits it until the next season, so beef that hit USD 5.98 per pound in May 2025 (U.S. Bureau of Labor Statistics via CBS News) remains costed at an outdated price.
- ✗ Raises prices linearly when costs squeeze, repeating the 9.0% year-over-year full service peak of 2022 (National Restaurant Association / BLS) without distinguishing which dishes absorb an increase and which do not.
- ✗ Removes high food cost dishes even when they carry the largest dollar contribution, and preserves low percentage items with minimal turnover.
- ✗ Ignores sales mix: it treats every dish as if it sold the same volume, which invalidates any weighted menu average.
- ✗ Treats the printed menu as a printing expense to eliminate, and suggestive selling plus service pacing leave with it.

What the Masterrestaurant method does MASTERRESTAURANT

- ✓ Ranks the menu by total contribution —USD margin per unit multiplied by units sold over 8 weeks— and only then applies the percentage criterion with 32% as the ceiling.
- ✓ Requires standard recipes with gram weights, documented trim loss and yield per cut, so portion costing can be recalculated in minutes whenever an input price moves.
- ✓ Measures monthly food cost variance —(Actual Cost – Theoretical Cost)/Sales— and treats any deviation above 2.0 points as a process failure rather than a purchasing problem.
- ✓ Segments the analysis by channel, because with 58% of limited service operators now selling more off-premises than in 2019 (National Restaurant Association, 2024), the same dish carries two distinct cost structures.
- ✓ Applies price psychology where demand elasticity allows it: anchoring with a premium item, dropping the currency symbol and using non-round endings on inelastic dishes.
- ✓ Keeps the PRINTED menu as a hospitality instrument and QR as an operational complement; it never substitutes one for the other.
- ✓ Connects the result to break-even and target prime cost, so each menu change translates into a projected EBITDA figure rather than a kitchen hunch.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

	TRADITIONAL METHOD (FOOD COST PERCENTAGE)	MASTERRESTAURANT METHOD (CONTRIBUTION WEIGHTED BY MIX)
Variable governing the decision	✗ Per-dish food cost %, fixed 28-30% target, 32% ceiling	✓ Contribution margin in USD per dish × units sold; 32% stays a limit, not a goal
Menu review frequency	✗ Once or twice a year, almost always driven by season change	✓ Weekly sales mix; monthly standard recipe recosting; menu redesign every 4 months
Theoretical vs actual cost handling	✗ Never calculated; monthly inventory absorbs the gap without breaking it down	✓ Food cost variance = (Actual Cost – Theoretical Cost) / Sales; alarm threshold at 2.0 points

	TRADITIONAL METHOD (FOOD COST PERCENTAGE)	MASTERRESTAURANT METHOD (CONTRIBUTION WEIGHTED BY MIX)
Criterion for removing a dish	✗ Food cost above 32% or isolated low turnover	✓ Total contribution below 1.5% of menu contribution for 8 consecutive weeks
Response to 12% input inflation	✗ Linear 8-10% price increase across the whole menu	✓ Re-engineering of 4-6 anchor dishes, documented gram weight change and selective 3-5% increase on inelastic items
Role of printed menu vs QR menu	✗ Migrate to QR to save printing; the printed menu is dropped or reduced to one copy	✓ BOTH, with separate roles: print governs service pacing and suggestive selling; QR covers delivery, allergens and price changes
Measured impact on prime cost	✗ Prime cost drifts with the market, without active control	✓ Target prime cost 58-62% of sales, reviewed monthly against budget

THE NUMBERS THAT MATTER

Sector indicators shaping the 2026 menu

5.98 USD

U.S. consumer beef price per pound, record high of May 2025

9.0%

peak year-over-year menu price inflation in full service (2022)

21%

share of alcoholic beverages in total full service sales

41%

full service operators selling more off-premises than in 2019

60%

U.S. operators who say desserts drive profitability

52%

consumers who consider an attractive limited-time offer important when choosing a restaurant

VISUALIZATION

The numbers, visualized

U.S. consumer beef price per pound, record high of May 2025

5.98USD

peak year-over-year menu price inflation in full service (2022)

9%

share of alcoholic beverages in total full service sales

21%

full service operators selling more off-premises than in 2019

41%

U.S. operators who say desserts drive profitability

60%

consumers who consider an attractive limited-time offer important when choosing a restaurant

52%

Sources: [U.S. Bureau of Labor Statistics via CBS News 2025](#) · [National Restaurant Association / BLS](#) · [National Restaurant Association](#) · [National Restaurant Association, Off-Premises Report 2024](#) · [Technomic, Dessert Consumer Trend Report](#)

Chart by [masterrestaurant.com](#)

REAL CASE

“We walked into a 140-seat full service operation in the USD 1 to 5 million annual band carrying a 52-item menu and a 34.1% food cost. We changed no prices for the first six weeks: we simply ranked the menu by dollar contribution weighted by eight weeks of sales mix. Nineteen dishes delivered 78% of total contribution; fourteen delivered under 1.5% each and consumed 41% of inventory SKUs. We removed those fourteen, rewrote the standard recipes of the nineteen with measured gram weights and trim loss, and only then raised price on four inelastic items. Food cost closed at 29.6% four months later, average check moved from USD 27.40 to 31.10 with no complaint logged in reviews, and prime cost dropped from 67 to 61 points because the kitchen stopped producing fourteen mise en place almost nobody ordered. The printed menu stayed, redesigned; the QR remained for delivery and allergens.”

— Diego F. Parra, Masterrestaurant — menu engineering intervention in a full service operation, 140 seats, USD 1 to 5 million annual revenue band

HOW TO APPLY IT IN YOUR RESTAURANT

How to build the profitable menu in 90 days

1 Days 1-15 · Build standard recipes and real portion costing

Weigh everything. Gram weight of every component, trim loss per cut, yield per supplier and invoice price from the last four weeks, not the price list. Without that document there is no portion costing, and without portion costing every menu decision is an opinion. Prioritize your twenty highest-volume dishes: they cover 70-80% of volume in almost any full service menu and return 80% of the value in 25% of the time. Document trim loss, because that line later explains your food cost variance.

2 Days 16-35 · Rank by contribution and mix, not by percentage

Export units sold per dish for the last eight weeks from the POS and build two columns: contribution margin in USD per unit and total contribution. Sort on the second. Flag as removal candidates any dish contributing under 1.5% of total menu contribution across the full eight weeks, and verify first whether any of them anchors traffic. With 60% of operators reporting that desserts drive profitability (Technomic), review that section carefully before pruning it.

3 Days 36-60 · Re-engineer before raising price

On high-volume, low-margin dishes work the plate first, not the label: swap the cut for one with the same flavor profile, adjust gram weight with documentation, replace the expensive garnish with a seasonal one, cross-utilize inputs across two or three dishes to cut trim loss. Price enters only when re-engineering runs out, and it enters selectively: 3% to 5% on inelastic items, never linearly across the menu. Linear increases trigger rejection and cost you average check.

4

Days 61-90 · Redesign the physical carrier and close the measurement loop

Reprint the PRINTED menu placing the highest-contribution dishes in the zones of greatest visual attention, and keep the QR as a complement for delivery, allergens and price changes between printings: each has its role and neither replaces the other. In parallel, activate the monthly dashboard with food cost variance, prime cost, average check and contribution per seat. Set the first formal review 30 days after the new menu and the second at 90, budget against actual.

FAQ**Frequently asked questions on profitable menu criteria****How many dishes should a profitable menu have?**

There is no universal number, but there is a portfolio rule: if more than 25% of your dishes each contribute under 1.5% of total contribution, the menu is bloated. Full service usually works between 24 and 34 references; fast casual between 12 and 20. The real limit comes from the kitchen, since every extra reference consumes mise en place, inventory and trim loss.

Is 32% food cost a target or a ceiling?

It is the MAXIMUM per dish, never the goal. A dish at 32% delivering USD 16 of contribution forty times a day beats one at 24% delivering USD 5 six times. Payroll, rent and utilities are not loaded onto the plate: they belong to break-even. Deciding a menu by percentage is the single error that destroys the most margin in full service operations.

Should I move to QR-only menus to cut costs?

No. The PRINTED menu controls service pacing, menu narrative and suggestive selling, and those three move average check far more than printing costs. QR is the complement: delivery, accessibility, allergens, price changes between printings and navigation analytics. The correct verdict is BOTH, each with a clearly defined role.

How often should I recost the menu given 2026 volatility?

Monthly for portion costing of your twenty highest-volume dishes, quarterly for redesign. With beef at record highs per the U.S. Bureau of Labor Statistics (2025) and menu inflation still moderating from the 9.0% peak of 2022 (National Restaurant Association / BLS), semiannual recosting publishes prices six months behind your own cost.

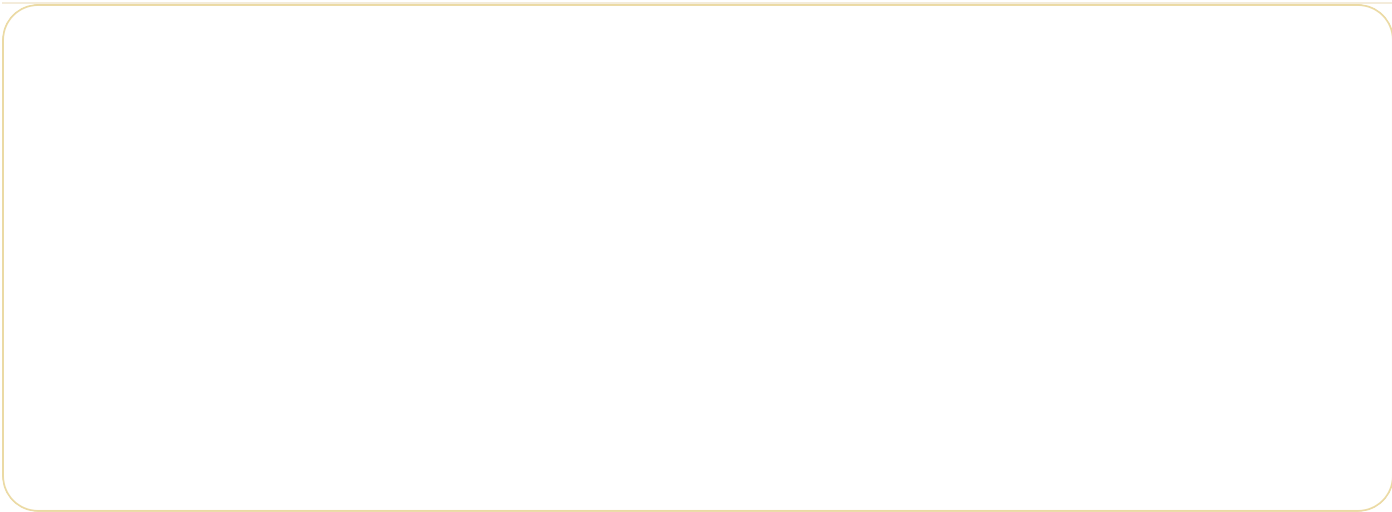
DATA & SOURCES

Sector data 2026 (official sources)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Benchmark 2026	Source
Proyección de crecimiento anual del cold brew vs café helado	+22% cold brew vs +6,98% café helado	Análisis de mercado — 2025
Participación de la Gen Z en bebedores de café especial helado (EE. UU.)	34% son Gen Z (30% millennials)	Tastewise — Gen Z Coffee Trends 2025
Gen Z y millennials dispuestos a pagar más por bebidas con beneficios de salud	58% de esos grupos	Hardtank — 2025
Crecimiento de bebidas energéticas de origen vegetal (retail, EE. UU.)	+4,3% CAGR (1T 2023 a 4T 2025)	Circana — 2025
Ocasiones mensuales de vino de la Gen Z (EE. UU.)	-34% desde 2019	Katz Research Group vía Wine Enthusiast — 2025
Ahorro de los combos Extra Value Meal vs comprar por separado (McDonald's)	15% de descuento	McDonald's — 2025

Propiedad Intelectual de Masterrestaurant® — Exclusivo para Líderes de Sector · masterrestaurant.com



Author: Diego F. Parra · **Publisher:** MASTERESTAURANT®

Q Content created with AI assistance, reviewed by the MASTERESTAURANT editorial team.